

Message Text

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47

ACTION COME-00

INFO OCT-01 AF-08 ISO-00 EB-07 EUR-12 /028 W

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FM AMEMBASSY LAGOS

TO SECSTATE WASHDC 7679

INFO AMEMBASSY BONN

AMCONSUL KADUNA

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E. O. 11652: N/A

TAGS: BENC, BGEN, EINV, EQIP, NI

SUBJ: MAJOR PROJECT: NIGERIA DIRECT REDUCTION STEEL MILLS

REF : A) STATE 260995, B) STATE 263377 (NOTAL)

1. EMBASSY SENT COPY SWINDELL-DRESSLER (SD) CABLE REF A TO MINISTRY OF INDUSTRIES PERMSEC JODA TO ENSURE THAT HE SEES IT UNDER COVER OF LETTER ASKING RECONSIDERATION AND RETENTION OF SD PROPOSAL IN CASE NEGOTIATIONS WITH THYSSSEN OR KORF-LURGI FAIL.

2. FOLLOWING REPLY DATED NOVEMBER 4 RECEIVED FROM UNDER SECRETARY TONY EBIKEME ON NOVEMBER 8: QUOTE I AM DIRECTED TO REFER TO YOUR LETTER OF 2ND NOVEMBER ON THE ABOVE SUBJECT AND TO CONFIRM THAT THE FEDERAL MILITARY GOVERNMENT HAS SELECTED TWO WEST GERMAN FIRMS TO CONSTRUCT THE TWO DIRECT REDUCTION BASED STEEL PLANTS. WE HAVE ALSO RECEIVED THE CABLEGRAMS SENT BY MESSRS SWINDELL DRESSLER WHICH YOU MENTIONED AND ATTACHED TO YOUR LETTER. IF THERE HAS BEEN A MISUNDERSTANDING IT IS CERTAINLY NOT THROUGH ANY FAULT OF OURS. IN OUR LETTER DATED 20TH AUGUST ADDRESSED TO THEM IT WAS CATEGORICALLY STATED THAT THE COMMERCIAL SERVICES, TECHNICAL FACILITIES OF THE PLANTS ETC. AND COSTS WOULD BE FINALIZED AT THE NEGOTIATIONS. THIS POINT WAS POINTED OUT TO THEM AGAIN DURING THE DISCUSSIONS OF 15TH AND 16TH SEPTEMBER AND THEIR REVISED OFFERS WERE BASED ON THE DISCUSSIONS. A
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REVISED OFFER WAS CABLED TO US ON 20TH SEPTEMBER. THIS OFFER

WAS REVISED AGAIN ON 23RD SEPTEMBER FOLLOWING MEETINGS WE HAD WITH THEIR LAGOS REPRESENTATIVE AND WE WERE DEFINITELY TOLD THAT THAT WAS THE LOWEST THEY COULD GO. AS YOU CAN SEE THE OPPORTUNITY WAS GIVEN TO THEM TO REVIEW THEIR PRICE OFFERS WHICH WE CONSIDERED WERE ON THE HIGH SIDE BUT WE WERE PARTICULARLY DISAPPOINTED THAT M/S SWINDELL DRESSLER WERE HESITANT TO REDUCE PRICES. THE FAULT AS THEY POINTED OUT IN ONE OF THEIR CABLES SURELY LIES SOME WHERE ELSE.

WHILE IT IS NOW NOT POSSIBLE TO ACCEED TO THE REQUESTS BEING MADE BY SWINDELL DRESSLER, THERE IS HOPE THAT THE OPPORTUNITY FOR FUTURE COOPERATION WILL SOON COME AS THE DEMAND FOR STEEL IN NIGERIA IS INCREASING AT A FAST RATE AND SUCH REQUIREMENTS HAVE TO BE MET BY INSTALLING NEW PLANTS OR EXPANDING PRESENT CAPACITIES. WE HAVE NO DOUBT THAT DUE CONSIDERATION WILL BE GIVEN AT THAT TIME TO SUCH COMPANIES. UNQUOTE

3. MINISTRY MAINTAINS THAT PRICE WAS MAJOR DETERMINANT AND ENCOURAGES SD TRY FOR LATER PROJECTS. WE SECOND THAT AND WOULD CLEARLY RECOMMEND THAT SD RELY LESS ON AGENTS AND MORE ON FREQUENT PERSONAL CONTACT BY OWN OFFICIALS WITH CLIENTS. ALSO SUGGEST THAT SD KEEP EMBASSY INFORMED TO ENABLE US INTERVENE QUICKLY IN EVENT UNEXPECTED DEVELOPMENTS AND SUPPORTING IN OUR NORMAL CONTACTS. AS FAR AS WE CAN DETERMINE SD HAD NO REPEAT NO CONTACT WITH EMBASSY ON THIS PROJECT AT ANY TIME.

4. EMBASSY CONSIDERING POTENTIAL NEW AGENTS FOR SD (REF A, PARA 7). INITIALLY SUGGEST SD CONSIDER NEW FIRM CALLED PROJECTS AND ENGINEERING LTD., FIFTH FLOOR, WESTERN HOUSE, AND 22 KOFO ABAYOMI ST., VICTORIA ISLAND, LAGOS, WHOSE NIGERIAN AND BRITISH PRINCIPALS INCLUDE EDWIN "DUSTY" MILLER, 15-YEAR NIGERIAN RESIDENT WITH GOOD CONTACTS. HE IS CURRENTLY REPRESENTATIVE FOR ESSEX GROUP OF UNITED TECHNOLOGIES CORP. (FORMERLY UNITED AIRCRAFT). ANOTHER POSSIBILITY IS ADO IBRAHEEM ENGINEERING, WHICH ONCE SOUGHT TO REPRESENT MCKEE (OUTCOME UNKNOWN).
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